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# Kentucky car tax refund litigation

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FOR IMMEDIATE RELEASE

## **Deadline Approaching for Some Used Car Buyers in Kentucky Who May Be Eligible for Tax Refunds**

FRANKFORT, KY (July 2, 2002) – Some 45,000 Kentuckians have filed claims so far, but thousands more may still be eligible for a special motor vehicle usage tax refund from the state. Now, a July 31 deadline is approaching to apply for that refund, which could amount to hundreds of dollars for those who file.

Those who may be eligible for refunds include Kentucky taxpayers who bought a used car in another state between March 10, 1997 and January 31, 2001 and who traded in a motor vehicle as part of that purchase.

In the case, *McGaren et al v. Comm., Revenue Cabinet*, the plaintiffs asked the judge to certify a class of similarly situated taxpayers and sought refunds of taxes previously paid. Notices were sent to some 831,000 Kentuckians informing them they could be eligible. However, many thousands of affected Kentucky taxpayers did not receive the mailed notice because the mailing list database was incomplete.

The notices were sent as the result of court rulings. Last year, Jefferson Circuit Court Judge Lisabeth Hughes Abramson ruled unconstitutional the Kentucky statute which allowed a trade-in credit against the 6 percent motor vehicle usage tax imposed on used motor vehicles purchased in Kentucky, but denied the trade-in credit for used motor vehicles purchased out-of-state. This decision came after the Revenue Cabinet stipulated the tax treatment was unconstitutional. The judge later ordered the Commonwealth to give notice of the lawsuit to all purchasers who bought a used vehicle out-of-state with a trade-in so they could send in a refund claim form.

During the time period in question, if a Kentuckian bought a used motor vehicle outside Kentucky and traded in another motor vehicle, he or she paid Kentucky Motor Vehicle Usage Tax on the total value. However, had that person bought the motor vehicle in Kentucky, he or she would have paid tax only on the difference between the value of the purchase and the value of the trade-in.

Plaintiffs' attorney Donn Wray said the challenge now is to locate the people who qualify. "We're running out of time and there may be thousands of Kentuckians who don't know they could be eligible. That's why we need to get the word out."

A web site has been established to answer questions about the potential refunds and the eligibility requirements. The site, [www.cartaxrefund.com](http://www.cartaxrefund.com), also has a downloadable form that can be filled out by those who feel they may be eligible but did not receive the notice from the Revenue Cabinet. Refund claim forms also are available in all 120 county clerks' offices and in the Revenue Cabinet Taxpayer Service Centers. Information also is available by calling toll-free 1-877-347-4784.

Refund claim forms must be mailed to the address noted on the form and postmarked by July 31, 2002.

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